

# **Involving and Educating Citizens Via the Budget Process**

**Piatra Neamț, Romania**

## **Background**

Citizens of the City of Piatra Neamț (population 125,000) were not involved in the budget process. The city budget was prepared as a financial plan to meet central government requirements but was neither an effective tool for local government to communicate to citizens nor a useful guide for the operations and management of the city. In 1995, the Mayor of Piatra Neamț, in conjunction with the Romanian Federation of Municipalities, decided to address these problems by holding community meetings on the budget and modifying the structure and presentation of the budget document.

## **Innovation**

To allow sufficient time for community meetings as part of the overall budgeting process, the municipality prepared a calendar of budget events and started the 1996 process early. The Mayor and Finance Director held the first community meeting in the city's history in February 1995. The community meeting gave citizens an opportunity to learn about the budget and the costs of municipal services and to express their views on the services to be delivered and on the taxes and fees needed to fund them. The costs of implementing this innovation involved staff time and financial resources for preparing the agenda and presentations, advertising the meetings, copying handout materials, attending the meeting, and responding to questions.

The existing budget format was dictated by national law and could not be changed, but the Mayor believed that broader purposes of budgeting could be achieved by supplementing the existing budget document. In April 1995, the municipality published a supplemental budget booklet to serve as a financial plan and a communication device for educating citizens about how city revenue would be expended. The booklet contained descriptions of municipal services, year-to-year comparisons of revenue and expenditures, and financial summaries in tables and graphs. A community profile with demographic, economic, and service data; operating and investment budgets; a glossary of budget terms; and a list of municipal officials' duties were also included. Preparing the supplemental budget booklet was a three-month undertaking, involving the Mayor, Finance Director, and an analyst, as well as other city staff members. The costs of implementing this innovation involved the staff time to gather the information and prepare the supplemental budget as well as printing 150 copies. No legal or regulatory changes were required for these innovation.

## **Results**

While attendance at the initial community meeting was limited (26 people), the meeting represented a major breakthrough in municipal/community relations and gave the citizens a better understanding of the budget. At the meeting, citizens suggested 11 new projects for the capital investment budget, and all participants agreed that more public meetings should be held on the budget. To encourage citizens to advise city hall of service problems more frequently than community meetings would allow, city officials established eleven district "mail boxes."

The supplemental budget booklet served as a new way to communicate to citizens, in a readable and understandable format, how the city planned to spend its budget resources. The improved budget practices were adopted by the Focșani Regia for Public Services, which in 1995 completely revised its budgeting process based on the principles and budget format developed in Piatra Neamț. The budget booklet has been widely circulated to cities in Romania.

## **Summary**

**The City of Piatra Neamț held a community meeting to involve citizens in the budget process and make the budget a more effective communication tool, resulting in citizen suggestions and better municipal/community relations. The city also prepared a supplemental budget booklet to provide better budget information to citizens.**

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